

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2146 - SB 2399

February 27, 2022

SUMMARY OF BILL: Lowers, from 21 to 18 years of age, the minimum age required to be eligible for a Class A or B license if:

- the applicant does not require a special endorsement;
- a commercial vehicle operated by the applicant will be operated solely within this state;
- the applicant has met all other requirements for a commercial driver license (CDL) under this chapter; and
- issuing a Class A or B license to the applicant is not prohibited under 49 CFR Parts 383 and 391, or federal rules.

Establishes numerous requirements governing the administration of the Department of Safety's (DOS) third-party skills testing for CDL's program (program), and performance compliance of the third-parties. Authorizes DOS to charge a third-party skills test company an annual fee not to exceed \$500 to cover the cost of administering the program. Authorizes DOS to waive the fee for any public entity that becomes a third-party skills test company.

Requires, prior to being issued a Class A, B, P, S, or H driver license for the first time or upgrading to a Class A or B driver license, an applicant to complete "entry-level driver training" appropriate for the class of license being sought at an entity listed on the Federal Motor Carrier Safety Administration's (FMCSA) training provider registry. Requires, before October 1, 2022, DOS to establish by rule the minimum standards for entry-level driver training.

Requires DOS to periodically audit CDL skills tests conducted by department employees. Requires, by January 1, 2023, DOS to produce educational materials for individuals preparing to take the CDL skills tests. Authorizes DOS to partner with institutions of higher education to conduct research related to commercial drivers and CDLs, strategies to promote driving careers in the commercial trucking industry, and strategies to better enable drivers to obtain and retain CDLs.

Authorizes the Department of Correction (DOC), in consultation with DOS, to create a commercial driver license training program for purposes of training offenders who, upon release from incarceration, may be suitable for careers in the transportation industry.

Authorizes a surplus commercial motor vehicle in possession of a state agency to, with payment of reasonable financial consideration and following notice to the commissioner of General Services, be transferred to DOS for use in the department's commercial driver license testing

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program. Requires a surplus vehicle transferred for these purposes to be sold when the vehicle is no longer in use by DOS.

FISCAL IMPACT:

Increase State Revenue - \$28,100/FY22-23 and Subsequent Years

Increase State Expenditures - \$264,500/FY22-23

\$248,000/FY23-24 and Subsequent Years

The Governor's budget, on page B-235, includes \$135,200 in non-recurring and \$809,600 in recurring funding for the proposed legislation to the General Fund.

Assumptions:

- Based on information provided by DOS, the department currently administers a third-party skills testing for CDL's program. DOS currently charges vendors in that program an annual fee of \$250. The recurring annual revenue received by DOS related to vendor fees is \$12,000.
- The proposed legislation would double the vendor fee to \$500.
- Participation by third-parties in the department's program is assumed to remain constant. Therefore, the annual revenue the department receives in fees is expected to double as a result of the doubling of the fee from \$250 to \$500.
- The increase in state revenue to the DOS related to annual fees from third-party skills testers is thus estimated to be \$24,000 (\$12,000 x 2) in FY22-23 and subsequent years.
- The DOS will require two Administrative Service Assistant 3 positions and one CDL Trainer Specialist to accommodate the requirements of the proposed legislation.
- The increase in state expenditures related to the new positions is estimated to be \$225,391 (\$138,936 salaries + \$43,855 benefits + \$16,500 startup + \$18,600 admin + \$7,500 travel) in FY22-23.
- The increase in state expenditures related to the new positions is estimated to be \$208,891 (\$138,936 salaries + \$43,855 benefits + \$18,600 admin + \$7,500 travel) in FY23-24 and subsequent years.
- The proposed legislation authorizes the Department of Correction (DOC), in consultation with DOS, to establish a CDL training program.
- The precise details of how such a collaboration would work, how the program would be implemented and to what extent are unknown and yet to be determined. For the purposes of this analysis, the assumptions made are conservative and are meant to represent the minimal expected expenditures.
- It is assumed DOC will work with DOS to provide the training at state driver service centers or some other appropriate venues throughout each of the three grand divisions utilizing vehicles the DOS possesses for testing purposes.
- It is assumed the training can be accommodated by the additional CDL Trainer Specialist and that the \$7,500 annual travel budget will facilitate the required travel for this and the Specialist's other training duties.

- In addition, it is estimated that the DOC will require \$15,000 in recurring travel expenses to transport the inmates to the training venues.
- Therefore, a recurring increase in state expenditures to the DOC estimated to exceed \$15,000 in FY22-23 and subsequent years.
- Any payments between DOC and DOS that may be required to implement the program are assumed to net out as revenue and expenditures in the General Fund.
- It is assumed that lowering the eligible age to 18 for Class A and Class B CDL's will result in an increase in the number of CDL's issued annually.
- The precise rate of increase is unknown. A 2021 study of the trucking industry shows that only eight percent of drivers are between the age of 20 and 30 years. Due to that minimal figure, this analysis assumes there will be a three percent increase in CDL's issued.
- The average annual revenue received by DOS over the past five fiscal years from Class A and B CDL fees was \$137,398.
- The recurring increase in state revenue to DOS from increased issuance of Class A and B CDL licenses is estimated to be \$4,122 ($\$137,398 \times 3\%$) in FY22-23 and subsequent years.
- It costs DOS \$1.99 to print a driver license. Based on the above estimates, there will be 62 new licenses printed each year. The recurring increase in DOS expenditures is estimated to be \$123 ($62 \times \1.99) in FY22-23 and subsequent years.
- CDL manuals, which contain detailed information necessary to prepare for a skills test, are available for download online at the DOS's website and available at all driver license stations. Therefore, there will be no significant increase in expenditures related to education materials for potential test takers.
- Based on a review of the FMCSA's training provider registry, there are no public entities of Tennessee listed on the registry; therefore, the entry-level driver training requirements will not result in an increase in state or local revenue.
- It is not known if or when the DOS would purchase unused vehicles from other state agencies, or when those vehicles may then later be sold by DOS. It is assumed that any such exchanges between state agencies will net out as revenue and expenditures to the General Fund. It is further assumed that vehicle sales are a normal part of current operating procedure, and will not result in a significant increase in revenue.
- Any fiscal impacts related to the DOS partnering with institutions of higher education are assumed to be absorbed by the DOS and those institutions within existing resources.
- The total increase in state revenue is estimated to be \$28,122 ($\$24,000 + \$4,122$) in FY22-23 and subsequent years.
- The total increase in state expenditures is estimated to exceed \$264,514 ($\$225,391 + \$24,000 + \$15,000 + \123) in FY22-23.
- The total increase in state expenditures is estimated to exceed \$248,014 ($\$208,891 + \$24,000 + \$15,000 + \123) in FY23-24 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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